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RUEHBUL/AMEMBASSY KABUL 3837  
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RUEHCI/AMCONSUL CALCUTTA 7795  
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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 008365

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UZ, IN  
SUBJECT: PIPELINES, EDUCATION AND SECURITY IN CENTRAL ASIA:  
P/DAS MANN AND J/S BHAGWATI

Classified By: POLCOUNS Ted Osius for Reasons 1.4 (B, D)

11. (C) SUMMARY: In a Dec. 13 meeting, Joint Secretary (Eurasia) Jaimini Bhagwati expressed concerns to P/DAS Steven Mann about whether Turkmenistan could live up to its obligations in a proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) natural gas pipeline. Citing the Indo-Pak relationship and pricing as concerns, Bhagwati nevertheless said India is interested in both TAPI and the proposed Iran-Pakistan-India natural gas pipeline. He described Tajikistan and Kazakhstan as relatively stable, but Kyrgyzstan as plagued by a lack of resources, Uzbekistan as difficult to do business with, and Turkmenistan as complicated due to its dictatorial leader. Mann asked Bhagwati for greater cooperation on energy and on developing educational opportunities in Central Asia, and urged the GOI to use its influence in tempering Turkmenistan's worst instincts. END SUMMARY.

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CENTRAL ASIA THROUGH THE EYES OF INDIA  
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12. (C) Joint Secretary (Eurasia) Jaimini Bhagwati briefed P/DAS Mann on the GOI's view of the current political and

developmental landscape of Central Asia in a December 13 meeting. President Rahmonov of Tajikistan is relatively young at age 55, he said, and India expects he will remain fully in control of the country for some time. Though he received 76% of the vote, there is not much to speak of in terms of opposition to the government, remarked Bhagwati, adding that although Rahmonov promised to make changes in his government after the election, only the foreign minister has been replaced at this point. "Tajikistan is a poor country, and Rahmonov must figure out how to improve the quality of life for his people," said Bhagwati, noting that the country is reasonably stable. Rahmonov doesn't want to "push things too far," but instead ensures that clans and tribes are allowed to have their say, therefore providing a "safety valve" and semblance of plurality without relinquishing control, opined Bhagwati.

¶3. (C) Kyrgyzstan is less stable, and poorer than Tajikistan, indicated Bhagwati. The government doesn't want to push things to a breaking point, nor does it want wide-spread bloodshed, he conjectured, adding that the country needs to figure out what to do with its economy. "They have neither personnel, nor natural resources," noted Bhagwati, "and their \$450 or so per capita will not likely rise in the short, or even medium, term." An increasing number of Islamic women wear the hijab in Kyrgyzstan and growing numbers of people observing the Ramadan fast, Bhagwati reported. Expressing concern, he said, "I worry that such outward manifestations are linked to a mindset to become more fundamentalist." Bhagwati indicated that this is an issue of development, pointing out that life is harsh in

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this country, especially in winter, and that people may be influenced by fundamentalists to believe that Islamic conservatism is a way out of the "morass."

¶4. (C) Turning to Uzbekistan, Bhagwati remarked, with 25 million people, it is more populous than Tajikistan and served as a cultural and transport hub in the Soviet era. Its people were known for their skills and still have high degree of expertise, but they are losing it, he noted. The country doesn't have good relations with anyone around them, acknowledged Bhagwati, despite some interdependence with Tajikistan on electricity and trade. Bhagwati contended that the Russians are worried about dissent in Uzbekistan being put down too firmly. He warned that cotton crops, an Uzbek staple, are not viable because they ruin the soil and fields have to remain fallow for several years. They have oil, gas and even gold, he said, but questioned whether or not the Uzbeks can exploit it commercially. Uzbekistan has the highest potential for human resource development, asserted Bhagwati, with Kyrgyzstan and Tajikistan trailing behind. Uzbekistan's President Karimov, at 66 years old, does not look healthy, observed Bhagwati, adding that Karimov's daughter Gulnra is likely being groomed to take over for him.

Bhagwati opined that the Uzbeks, with their stream of ever-changing ministers, are bad-faith bargainers, and indicated that it would be difficult to do business with them.

¶5. (C) Calling Turkmenistan an "extremely strange country," Bhagwati observed that it is better off than most of its neighbors in terms of resources, but doubted it was more stable. Its dictatorial leadership doesn't lend itself to stability, nor does it lead to development, he theorized. Bhagwati underlined that the stability of Central Asia as a whole is a real problem for India, given the relative proximity of the region. "It is only a two hour and ten minute flight from Tashkent to New Delhi," he emphasized, adding that there are many points within India that are further apart than the capitals of Central Asia are from New Delhi. Because of Pakistan, there are no surface linkages, he added, "therefore there is not much we can do but worry."

¶6. (C) President Nazarbayev of Kazakhstan is "a different

cup of tea," declared Bhagwati, suggesting that the president "knows when to give and take," therefore making the country, which has a luxury of resources, more stable. Noting that the President is thinking of building a bubble over Astana to keep it warm in the winter, he queried, "how much energy is needed for that?" The government has a court atmosphere, observed Bhagwati, combining modern thinking with "throwbacks to the past" and grand plans such as the desire to lead the OSCE. Still, it is relatively stable, he said, noting that Nazarbayev received 91% of the vote in the last election.

¶7. (C) Bhagwati raised the prospect of uranium as a resource that India might be interested in buying from Central Asia in

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the future, adding that Russia has also indicated interest in purchasing it. On the prospect of hydropower in the region, Bhagwati wondered who would invest the money into those projects and bring them to fruition. With no land connections to Central Asia, no direct air connections and a relatively low volume of trade, the only thing drawing India and the region together is culture and human resources, according to Bhagwati, who noted that many Central Asian professionals and students are trained in Indian institutions. Mann encouraged Bhagwati to increase India's role in education in the region, suggesting that the U.S. and India should work together on education in an effort to overcome isolation in Central Asia. Bhagwati assured Mann that India would do whatever it can, but warned that India was limited by its need to ensure its own students aren't denied education. He cited recent "affirmative action" legislation which provides preferential access to professional courses for India's underprivileged classes, saying that every Central Asian student takes the place of an Indian student because of limitations on India's education capacity.

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#### GETTING ENERGY OUT OF CENTRAL ASIA

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¶8. (C) On Central Asian energy, Mann noted that he expects oil from Kazakhstan's Kashagan field, the fifth largest on the planet, to come on line in 2010. Bhagwati asked where the oil would flow, wondering if China, which built a Chinese-Kazakh cross-border pipeline last year, would be a consumer. Mann replied that China's pipeline would not handle Kashagan volumes, nor would it cope with Tengiz expansion. Raising the proposed Turkmenistan-Afghanistan-Pakistan-India (TAPI) pipeline, Bhagwati inquired whether Turkmenistan has enough gas to meet its obligations, noting that the GOI has expressed interest in taking part in the project, but is unsure whether or not India will get enough in return. Mann responded that the question is in one sense irrelevant, pointing out that existing volumes could supply TAPI if the Turkmen would shift exports from Russia to alternative consumers. Overall, regarding TAPI, declarations are cheap; building a pipeline and signing a memorandum of understanding without financial backing is unrealistic. Bhagwati noted that it was unclear why a meeting on the TAPI project, scheduled to take place in Ashgabat, was canceled, musing that it likely had to do with the caprices of Turkmenistan's presidential regime.

¶9. (C) Bhagwati expressed that there are two main aspects that need to be addressed on both the TAPI project and the proposed Iran-Pakistan-India pipeline (IPI). Firstly, "it depends on how we see our long-term relationship with Pakistan evolving," opined Bhagwati, adding, "we need to have confidence that it will last." Both sides have expressed an openness to the projects, he noted. "The second question is

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who will lay the pipelines and who will pay for them,"

Bhagwati asserted We are prepared to give assurances on demand, he offered, but we need to know how the gas will reach our border and we need to work out the pricing, he added, noting that India would need an analysis of how much the price would fluctuate. Indian companies are willing to be engaged in pipeline construction and to compete, he said, but a consortium outlining the conditions is necessary. "I don't see anyone leading such a consortium," he lamented, and Mann agreed. Mann urged Bhagwati to use India's influence in Turkmenistan to encourage the President to act in a modern and commercially-sound way. On joint cooperation in the region, Bhagwati asked if the U.S. would provide unclassified studies on energy linkages between Central Asia and the rest of the world.

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COMMENT  
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¶10. (C) J/S Bhagwati, well-versed on Central Asian issues, has twice requested that the U.S. provide information along the lines of unclassified energy studies in the Central Asian region, indicating a hunger for knowledge on the Indian side.

The GOI is clearly interested in pursuing the trans-Afghan and trans-Iran pipelines, but recognizes the security issues which need to be overcome, not the least of which is its own relationship with Pakistan. India is reluctant, with good reason, to put money into the projects until it has a clearer picture of what benefits it will get in return, and whether or not the projects are financially feasible. END COMMENT.

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